San Bruno Redevelopment Agency

FIVE-YEAR IMPLEMENTATION PLAN 2005-2009

San Bruno Redevelopment Project Area

Adopted on February 22, 2005
by San Bruno City Council Resolution No.: 2005-

San Bruno Redevelopment Agency
567 El Camino Real
San Bruno, CA 94066

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I. INTRODUCTION

This is the second Implementation Plan for the San Bruno Redevelopment Project Area (Project Area), which covers the five-year time period from January 1, 2005 through December 31, 2009. The Implementation Plans is required under Sections 33490 and 33352(c) of California Community Redevelopment Law (CRL), which requires each agency to prepare, adopt and regularly update a five-year implementation plan for a project area.[1] The information included in this document meets the requirements of the CRL for the Agency's Implementation Plan.

The Implementation Plan is intended to be a flexible plan of action to guide the San Bruno Redevelopment Agency (Agency) in its efforts to eliminate blight in the Project Area over the next five years. The Implementation Plan outlines the Agency's plan towards implementing its Redevelopment Plan and shows how the Agency will spend redevelopment funds during the next five years. Redevelopment money can only be spent on activities identified in the Implementation Plan. However, the agency is not required to spend money on all of those activities, and there is a great deal of flexibility in how redevelopment funds are actually spent. As unforeseen constraints and opportunities will most likely arise while undertaking this program, the implementation of specific projects and activities may vary in timing, location, cost, expenditure, scope, and content from what is set forth in this document.

The Implementation Plan addresses the following required topics (CRL Section 33490.(a)):

- Specific goals and objectives of the Agency for the Project Area.
- Specific programs and potential projects, including non-housing and affordable housing activities, and estimated expenditures proposed during the five-year period.
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight in the Project Area.
- An explanation of how the goals and objectives, programs, and expenditures will implement the affordable housing requirements.

The Implementation Plan addresses non-housing and affordable housing activities separately. The housing section contains the Agency's Affordable Housing Production Plan pursuant to CRL Section 33413. The Housing Production Plan provides a means to monitor the Agency's progress in meeting its affordable housing obligations.

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1 Community Redevelopment Law is contained in Section 33000 et seq. of the California Health and Safety Code

HISTORY AND BACKGROUND

The San Bruno City Council and Redevelopment Agency adopted the San Bruno Redevelopment Plan and activated the Redevelopment Project on July 6, 1999 through Ordinance No. 1620. The initial Five-Year Implementation Plan for the Project Area was included in the Report to Council that accompanied the Redevelopment Plan. The Agency conducted the required mid-term review of the initial Implementation Plan in 2003. Key dates and figures are shown in Table 1.

Table 1
Key Plan Dates and Figures

Description	Date or Amount
Total Area	717 acres
Area A	699 acres
Area B	18 acres
Time Limits	
Plan Adoption	7/6/1999
Time Limit to Incur Debt	6/7/2019
Time Limit for Project Activities	6/7/2029
Time Limit for Collection of Tax Increment	6/7/2039
Bond Debt Cap	$200,000,000
Tax Increment Cap	$550,000,000
Base Assessed Value	$598,323,838

The San Bruno Redevelopment Project Area includes a total of 717 acres located entirely within the City of San Bruno, State of California. San Bruno is located in San Mateo County, twelve miles south of San Francisco and adjacent to San Francisco International Airport (SFO). The Project Area is located primarily east of El Camino Real with a small non-contiguous area at the intersection of San Bruno Avenue and Glenview Drive. Area A (699 acres) includes the predominantly commercial areas along San Bruno Avenue, San Mateo Avenue (Downtown San Bruno), El Camino Real, Montgomery Avenue, and the Tanforan Park Shopping Center; the residential subdivisions of Belle Air Park, San Bruno Park, and Lomita Park; the residential/industrial mixed use area bounded by San Mateo Avenue, I-380, the Southern Pacific Railroad (CalTrain) tracks, and Tanforan Avenue; and the former U.S. Navy Facility and adjacent parcels. Area B (18 acres) includes the Skycrest Shopping Center and adjacent commercially zoned areas.

The Redevelopment Plan established seven (7) Residential Conservation Areas (Races) within the Project Area for the purpose of preserving and enhancing the residential character and strengthening property values in these areas. The Redevelopment Plan also precludes the use of the Agency’s eminent domain powers in the Residential Conservation Areas.

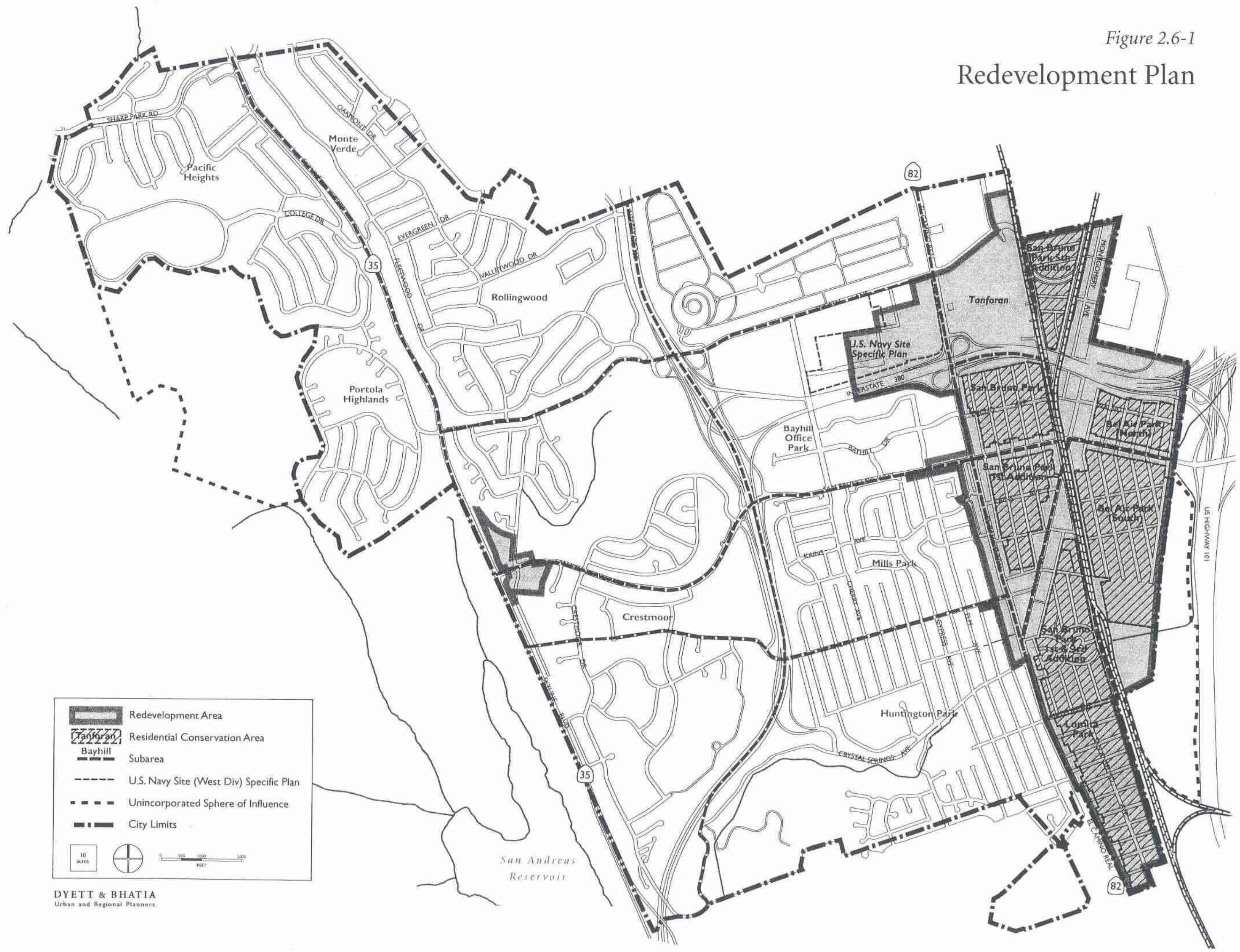
1. San Bruno Park 5th Addition

2. San Bruno Park 1st Addition West: (west of Huntington and north of San Bruno Avenue)
3. San Bruno Park 1st Addition East: (south of San Bruno Ave. and east of El Camino Real)
4. San Bruno Park 1st And 3rd Addition Heart: (includes the “Heart” area of San Bruno)
5. Lomita Park
6. Belle Air Park North
7. Belle Air Park South

Figure 1 shows the Project Area boundaries and the location and boundaries of the Residential Conservation Areas.

Figure 2.6-1

Redevelopment Plan



Past Projects

The Agency has pursued an active redevelopment program. The projects in which the Agency has had significant participation are listed below along with a summary of the accomplishments of those projects. All of the projects are located in the Project Area.

The Navy Site and Its Environs Specific Plan: Adopted 2001. Provided for the reuse of the 20-acre former U.S. Navy site, now known as The Crossing. The Specific Plan includes land use designations for multi-family and senior housing, hotel, neighborhood-serving retail, office, recreational, and parking facilities. The Agency funded the preparation of the Specific Plan and associated Environmental Impact Report, and was reimbursed after the start of construction at the Crossing.

The Crossing Development Incentives*:* A Development Agreement and Owner Participation Agreement between the Agency Martin/Regis San Bruno Associates, LLP were completed in 2001 and 2002. The agreements include incentives for the provision of affordable housing, such as reimbursement of building fees and annual rental subsidies. Construction at the former Navy site began in November 2002.

The Crossing Phase 1: Construction of the Meridian Apartments began in 2003. Project is a 300-unit apartment building and a recreation center, scheduled for completion in the spring of 2005. 90% complete. 60 affordable units and 240 market rate units.

Historic Building Survey: Completed in 2003. A survey to identify potential historic buildings in the Project Area.

Joint San Bruno/BART Police Station: Completed in 2002. Construction of the 25,000 square foot San Bruno Police Facility adjacent to the new San Bruno BART Station and Tanforan Park Shopping Center. BART Police occupies 20% of the building. The City raised $9.6 million through issuance of Certificates of Participation to finance construction of the facility.

Building Façade Improvement Program: Established in 2003. Ongoing. Provides matching grants to improve building facades, stimulate private investment, and encourage downtown revitalization efforts.

Community Promotions: Since 2001. Financial assistance to non-profit affordable housing agencies providing services low income residents and seniors in San Bruno.

Code Enforcement Program: Since 2001, funding for one FTE code enforcement position to focus on housing and commercial violations within the Project Area.

Downtown Streetscape and Parking Modifications Project: Completed in 2002. Improvements along San Mateo Avenue from Huntington Ave. to El Camino Real including curb, gutter, and storm drain improvements, 31 additional on-street parking spaces, new street trees and planters, replacement of 42 streetlights, and new signage.

470 San Mateo Avenue (Land Purchase): Purchased 6,500 square foot site in 2002 from the City and demolished the substandard bank building. Agency distributed an RFP seeking developer proposals to redevelop site and entered into an exclusive negotiating rights agreement with the selected developer.

II. GOALS AND OBJECTIVES

OVERALL REDEVELOPMENT GOALS

The Redevelopment Plan goals and objectives emphasize eliminating physical and economic blight that interferes with the successful revitalization of commercial areas and the enhancement and conservation of residential neighborhoods within the Project Area. The Agency will continue to pursue the comprehensive Redevelopment Plan goals, objectives and strategies, which are contained in Appendix A of this Implementation Plan, as appropriate.

The goals of the Agency for the next five years are as follows:

Goal 1. To enhance the city's appearance, image and identity, and strengthen the sense of community in a manner responsive to the community's needs and interests.

Goal 2. To stimulate private investment and promote economic vitality in San Bruno's commercial areas with an emphasis on Downtown revitalization.

Goal 3. To promote the conservation and enhancement of residential neighborhoods.

Goal 4. To capitalize on opportunities presented by BART, SamTrans and CalTrain transit improvements to encourage transit oriented development.

Goal 5. To generate tax increment revenues to fund redevelopment activities that are needed to alleviate blighting conditions.

SPECIFIC 5-YEAR OBJECTIVES

To achieve the above goals, the Implementation Plan includes the following objectives, which are intended to serve as guidelines for selecting activities that will move the City closer to achieving its goals. Potential activities are listed in the next section of this Plan.

Objective 1. Facilitate buildout at The Crossing, with an emphasis on development of a flagship hotel and commercial uses along El Camino Real.

Objective 2. Promote economic development and improve the business environment along commercial corridors with a focus on Downtown to promote active pedestrian shopping and service districts.

Objective 3. Assist private property owners in rehabilitating their properties.

Objective 4. Provide better transportation and parking choices through improved intersections, traffic controls, way-finding and gateway signage, landscaping, underpasses, bicycle routes, mass transit shelters, and parking facilities.

Objective 5. Create more and better civic, cultural, and educational facilities and amenities as a catalyst for area revitalization.

Objective 6. Improve vehicular and pedestrian access to commercial areas and enhance gateway entrances to the City.

Objective 7. Expand and improve the community’s affordable housing stock.

Objective 8. Protect and preserve residential neighborhoods from excessive traffic and circulation impacts, and air pollution, by separating and buffering adjacent commercial uses.

Economic development will be a primary concern of the Agency over the next five years, with a focus on commercial revitalization in Downtown. Significant improvements are in progress in other parts of the Project Area primarily north of Downtown. Commercial revitalization activities planned or in progress include the renovation of The Shops at Tanforan, mixed-use development at The Crossing and transit improvements, including the recently constructed BART Station and planned CalTrain Station and Grade Separation project. The Agency will strive to build on these new development and transit improvements activities and integrate its efforts in Downtown revitalization with the opportunities created by these activities.

III. NON-HOUSING ACTIVITIES AND BUDGET

PROGRAMS AND ACTIVITIES

This section describes the Agency's non-housing programs and activities proposed to meet the Agency's goals and objectives and alleviate blighting conditions in the Project Area over the next five years. The non-housing programs and activities are organized into nine categories, as set forth in the Redevelopment Plan:

1. Planning
2. Residential Conservation Areas
3. Economic Development
4. Building Rehabilitation, Facade Improvement and Historic Preservation
5. Circulation and Landscaping
6. Transit and Railroad Improvements
7. Parking Improvements
8. Public Facilities and Infrastructure
9. Site Preparation and Development

The non-housing programs and activities described below will be Agency priorities during the 5-year Implementation Plan period. These projects may be modified over time to better serve the purposes of redevelopment. However, this does not restrict the Agency's ability to undertake any projects in the comprehensive list of programs and activities described in the Redevelopment Plan and contained in Appendix B.

1. Planning

<u>Commercial Area Strategic Planning</u>: Develop a Strategic Plan to guide development along El Camino Real, San Bruno Avenue and San Mateo Avenue, including architectural design, landscaping, public improvements and Transit Oriented Development concepts for land around the new Caltrain Station. Coordinate with SamTrans to participate in the El Camino Real "Grand Boulevard" Initiative.

<u>Geographic Information System Implementation</u>: Work with City departments towards implementation of a Citywide Geographic Information Systems (GIS) to facilitate planning and analysis of project area economics and population and mapping of redevelopment activities.

2. Residential Conservation Areas

<u>Residential Rehabilitation Program:</u> Provide low interest loans for housing rehabilitation, described in Chapter IV, Affordable Housing Activities.

<u>Streets and Sidewalks Improvements</u>: Improve streets, sidewalks, streetlighting, bicycle paths, and signage to promote pedestrian friendly design and landscaping and signs.

<u>Residential Code Enforcement</u>: Continue code enforcement activities to identify and mitigate code violations in residential areas.

Neighborhood Activities: Promote neighborhood group activities, such as youth programs and facilities, capital equipment for education and training, anti-graffiti programs, appropriate parks facilities for children, dispute resolution, neighborhood watches, painting parties, and training in programs similar to “Safe Streets Now!” to achieve neighborhood improvement.

3. Economic Development

Economic Development Strategy: Develop economic development strategies to maximize City revenues from private development and City-owned property and other assets, promote business retention and expansion, and provide incentives for the private sector to invest in San Bruno’s commercial areas. This project is seeks to improve existing properties and to develop new uses on commercial corridors and to facilitate the completion and lease up of The Crossing residential, hotel and retail development.

Marketing Program: Develop strategic vision and plans for Downtown and the El Camino Real corridor. Develop and implement marketing and promotion program for Downtown in cooperation with business and property owners.

Development Incentives: Provide incentives for development and investment in commercial areas, such as pre-construction design assistance, payment or waiver of specific fees, or Tax Increment Financing agreements. Promote more intense business and residential development in Downtown. Improve existing properties and to develop new uses in downtown, with a particular focus on facilitating the redevelopment of 470 San Mateo Avenue.

4. Building Rehabilitation, Facade Improvements and Historic Preservation

Building Rehabilitation Incentives: Continue to provide financial assistance to upgrade commercial storefronts through the Building Facade Improvement Program. Consider providing incentives to encourage other types of building rehabilitation, including seismic retrofit and site restoration in conformance with design standards.

Commercial Code Enforcement: Continue to support code enforcement activities to identify and mitigate code violations in commercial areas.

News Rack Improvements: Replace deteriorating and unattractive existing news racks in commercial areas.

5. Circulation and Landscaping Improvements

Traffic Improvements: Facilitate the construction of signalized intersection improvements on El Camino Real at Sneath Lane and Commodore Drive Lane to improve circulation and access to The Crossing and the Shops at Tanforan.

Downtown Circulation Improvements: Continue efforts to improve streets and sidewalks, potentially including outdoor seating, safety lights, landscaping, banners, informational signs, and public plazas. Improve vehicular and visual access to Downtown, including to and from BART, CalTrain, SamTrans busses and from El Camino Real to San Mateo Avenue at the southern end of Downtown

Gateway Signs: Support efforts to provide new gateway signs at entries to San Bruno Avenue and to Downtown on San Mateo Avenue to enhance City identity and visual linkages.

Pedestrian Crossing: Evaluate the feasibility of constructing a pedestrian link between The Crossing and the Shops at Tanforan and BART, CalTrain, and SamTrans bus stops.

6. Transit and Railroad Improvements

Caltrain Grade Separation and Transit Access Improvements: Participate in planning and implementation of grade separation projects for CalTrain. Support efforts to provide safe, pedestrian friendly access to transit facilities, including BART, CalTrain, and SamTrans bus routes. Coordinate efforts with SamTrans El Camino Real "Grand Boulevard" Initiative. Potential improvements include widening public sidewalks, lighting, landscaping and irrigation, shelters, call boxes, and informational signs, and promoting safe, well-designed people-friendly development around the station.

7. Parking Improvements

Downtown Parking Facilities: Evaluate Downtown parking needs and improve existing parking lots as appropriate (see Planning, above).

8. Public Facilities And Infrastructure

Public Facilities: Support efforts to plan for needed public facilities.

Downtown Public Plaza: Plan the construction of a public plaza in Downtown, as part of the Downtown strategic planning effort (see Planning, above).

Parks Improvements: Improve existing city parks and expand where needed.

9. Site Preparation and Development

Property Acquisition: Identify potential sites that would minimize incompatible uses and create development sites with more desirable uses and of adequate size for redevelopment in accordance with a unified development plan.

FINANCIAL RESOURCES

The main source of Agency's Redevelopment Funds are tax increment revenues, although other financial resources for redevelopment activities do exist, including funding from federal and state programs for transportation activities.

Tax Increment Revenues

The Redevelopment Fund derives the majority of its revenues from property tax increment, which is composed of the tax on the incremental growth in property valuation in the Redevelopment Area. Projected tax increment revenues for the Project Area are included in Appendix C. These projections assume a conservative growth in assessed values, made up of the value of projected new development, two percent annual inflation and one percent annual reassessment. Three major development projects that are expected to be completed during the five year planning period, the build out of The Crossing, the renovation of the Shops at Tanforan, and construction of new parking garage and cinema at Tanforan.

Tax increment funds available for redevelopment projects could be reduced by an ongoing shift of tax increment revenues to the State in the form of Education Revenue Augmentation Fund (ERAF) payments.[2] Based on the shifts that the legislature is considering, the Agency would have sufficient revenue to cover its share, but might have a reduced capacity to do projects on a cash basis for several years.

Based on the assumptions of growth in property values, the Agency estimates the gross tax increment revenues over the five year Implementation Plan period before payment of any Agency obligations to be approximately $21.4 million, as shown in Table 2. The gross tax increment is the total of all incremental property tax revenue before payments of the 20% set aside for the Affordable Housing Fund, pass-through payments to taxing entities in the Project Area and debt payments.

Table 2
Projection of Gross Tax Increment Revenues (2005-2009)

Fiscal Year	Estimated Tax Increment
2004-05	$2,221,000
2005-06	$2,865,200
2006-07	$4,287,000
2007-08	$5,493,000
2008-09	$6,505,200
Total	21,371,400

[2] ERAF is the Education Revenue Augmentation Fund. The State Legislature established ERAF in 1992 to transfer a portion of property taxes from local governmental entities to this fund to be allocated to schools. The Agency's contribution to ERAF was $47,631 in 2003. The State Director of Finance determines the amount each agency must allocate to ERAF.

Other Revenues

Wherever possible, the Agency will leverage funds from other sources. For example, the Agency could seek out funding from Federal and State programs, as well as the private sector, such as developers or non-profits, to assist in financing projects.

Revenues Available for Non-Housing Activities

The Agency anticipates that approximately $7.9 million will be available for non-housing activities during the next five years, as summarized in Table 3. This amount is the tax increment remaining after payment of obligations such the 20% affordable housing set-aside, pass through payments to other taxing entities, debt service, and estimated Agency administrative expenses. The estimated ERAF shifts and potential future debt service payments for any new debt issuance are not reflected in this table. In short, this table summarizes the funds available for new redevelopment activities if done on a pay-as-you-go basis.

Table 3
Projection of Funds Available for Projects
2005-2009

Fiscal Year	Estimated Tax Increment
2004-05	$821,800
2005-06	$1,060,200
2006-07	$1,586,200
2007-08	$2,032,400
2008-09	$2,407,000
Total	$7,907,600

BUDGET

The Agency sets priorities for expenditures through the budgeting process and through the update of this Plan. Table 4 summarizes potential activities and their estimated budgets. These estimates are based on the priorities, goals and objectives set by the Agency, and may be adjusted to address unanticipated opportunities that arise during the next five years. The Agency estimates expenditures for non-housing activities of approximately $7.6 million during the next five years. Therefore, revenues are anticipated to exceed expenditures over the five-year period.

Table 4
Proposed Expenditures for Non-Housing Program Activities, 2005-2009

Project	2005-2009
Façade Improvement Program	$500,000
Wells Fargo Site Reuse Project	$370,800
Residential Conservation Areas	$50,000
Commercial Areas Specific Plan	$100,000
Newspaper Rack Replacement	$30,000
Bikeway Program	$25,000
Geographic Information System Implementation	$50,000
Gateway Signs	$100,000
Pedestrian Bridge	$100,000
Total	$1,325,800
Agency Administrative Costs & Operations	$1,530,000
Debt Service	$1,489,000
Departmental Allocations	$3,250,000
Total Non-Housing Expenditures	$7,594,800

The cost estimates are for planning purposes and do not represent commitments by the Agency. Some of these projects may not be completed within the five years of the Implementation Plan Program, and thus, related costs may not be incurred in the five years.

Cash Versus Debt Financing

These activities are for the five-year planning period only. If the Agency were to issue debt for non-housing activities, it would be able to accelerate and address a larger portion of the implementation activities during the five-year planning period. Using debt financing can have a positive impact on the Agency by stimulating tax increment growth earlier than would pay-as-you-go projects, thereby increasing long-term revenues that could be used on further economic development efforts. As part of the analysis of any debt the Agency may decide to issue, projections of new development, resulting increases in tax increment revenue, and growth in debt capacity could be undertaken. Without debt, it will be difficult for the Agency to be proactive in the short- and long-term.

BLIGHT ALLEVIATION

The Implementation Plan is required to provide an explanation of how the goals, objectives, programs, and expenditures for the next five years will serve to eliminate blight in the Project Area. The Report To Council for the San Bruno Redevelopment Project adopted by the Redevelopment Agency in July 1999 provided a comprehensive description of the blighting conditions in the Project Area. The Report to Council found that the Project Area suffers from a number of physical and economic blighting conditions, including deteriorated buildings, incompatible uses, substandard lots, depreciated values and impaired investments, problem businesses, residential overcrowding, and a high crime rate.

The Agency's proposed program of redevelopment activities is designed to address these conditions, thereby creating an investment environment in which private developers and property owners have the incentive and the means to redevelop their properties along commercial corridors, near transit stations, and in residential neighborhoods.

Table 5 provides a matrix that shows how each program addresses the conditions of blight identified in the Report to Council.

Table 5
Program Activities and Alleviation of Blight (2005-2009)

Program Activities	Conditions that Program Activities are designed to alleviate
Planning	Develop a proactive and cohesive strategy to facilitate development along commercial corridors, around transit stations and in Downtown.
Residential Conservation Areas	Preserve and enhance the residential character of neighborhoods, through rehabilitation of aging, deteriorated, and substandard housing. Strengthen property values and encourage private investment. Mitigate parking and traffic overflows from commercial streets and airport noise.
Economic Development	Revitalize commercial areas, reduce business vacancies, encourage private investment, attract and maintain businesses, improve the shopping environment, and capitalize on regional transit improvements and major development projects.
Building Rehabilitation	Promote private investment to upgrade deteriorated buildings (roughly 70 percent of the buildings in the Project Area were found to have significant physical deficiencies).
Circulation and Landscaping Improvements	Facilitate improvement of deficiencies including: poor access and inefficient circulation patterns, unsafe and poorly designed intersections, inefficient freeway off-ramps, bicycle paths, pedestrian safe sidewalks, spillover of commercial traffic into residential areas, narrow streets with poor turning radii in industrial area, lack of attractive gateways and landscaping treatments, and congested roadways.
Transit and Railroad Improvements	Improve access to public transit, including safe railroad grade separations, bicycle paths and safe pedestrian network links to public transit and convenient access to CalTrain and BART.
Parking Improvements	Mitigate parking deficiencies by promoting increased utilization of existing parking, increasing parking capacity, improving accessibility to parking facilities, improving parking in the industrial areas, and preventing spillover of parking into residential neighborhoods.
Public Facilities & Infrastructure	Provide adequate public facilities to serve residents and businesses, including library, senior center, community center, and recreation facilities.
Site Preparation and Development	Facilitate appropriate development in areas with Incompatible adjacent uses, inadequate width of right-of-way for San Bruno Avenue, properties in multiple ownership, and potential hazardous waste sites.

IV. AFFORDABLE HOUSING ACTIVITIES AND BUDGET

California Community Redevelopment Law (CRL) requires redevelopment agencies to prepare plans specifying how they will assist in the production and preservation of low and moderate income housing. This section provides an overview of requirements related to the production of affordable housing and the Agency's specific obligations relating to these requirements. It should be noted that the Implementation Plan is required to cover a five-year period, but the Housing Fund targeting and housing production requirements must cover a ten-year implementation planning period and the remaining life of the Redevelopment Plan. These periods cover three time periods: 2005 to 2009, 2005 to 2014, and 2015 through the end of the Plan (2039).

IMPLEMENTATION PLAN REQUIREMENTS: HOUSING ACTIVITIES

The housing portion of the Implementation Plan is required to set forth the specific goals and objectives and outline specific programs and estimated expenditures for the five-year period. Other planning components contained in the Housing portion of the Implementation Plan include:

- The proportion of Housing Funds to be targeted in relation to the percentage of low and very low income households in the community and the percentage of the community's population under the age of 65.
- The number of housing units projected to be rehabilitated, price restricted or destroyed.
- A specific plan for using annual deposits to the Low and Moderate Income Housing Fund.
- An identification of proposed locations for replacement housing, if units are projected to be removed.
- The Project Area's Affordable Housing Production Plan ("AB 315 Plan").
- An explanation of how the goals, objectives, projects and expenditures set forth in the Implementation Plan will implement the affordable housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan.

MAJOR STATUTORY REQUIREMENTS FOR AFFORDABLE HOUSING

The major statutory requirements for affordable housing required of redevelopment agencies by state law, and the Agency's related obligations, are summarized below.

Housing Fund Targeting Requirements

The CRL requires an agency to set aside in a separate Low- and Moderate-Income Housing Fund (the "Housing Fund") at least 20 percent of all tax increment revenue generated from its project area for the purpose of increasing, improving and preserving the community's supply of low and moderate income housing.

Targeting the Housing Fund

The CRL requires Housing Fund monies to be targeted to specific income levels. Agencies are specifically required to expend their Housing Fund monies to assist very low-, low- and moderate-income households, generally defined as:

- Very Low Income: incomes at or below 50 percent of area median income, adjusted for family size.
- Low Income: incomes between 51 percent and 80 percent of area median income, adjusted for family size.
- Moderate Income: incomes between 81 percent up to 120 percent of area median income, adjusted for family size.

The income levels are based on the area median income for San Mateo County, as updated annually by the California Housing and Community Development Department.

Over the life of the Redevelopment Plan, housing assistance must be provided in at least the same proportion that the number of housing units needed for the very low- and low-income categories (not being provided by other governmental programs) bears to the total number of units needed for all three income categories. San Bruno's Housing Element outlines the affordable housing need for the City as identified by the Association of Bay Area Governments (ABAG) in its regional "fair share" allocation. The "fair share" allocation and the targeting objective applicable to the Agency are shown in Table 6.

Table 6
Affordable Housing Need Identified in Housing Element
For the Period 1999-2006, By Income Category

Income Category	Units Needed (Fair Share)	Required Proportion
Very Low Income	72	33%
Low Income	39	17%
Moderate Income	110	50%
Total Need	221	100%

Source: ABAG Regional Housing Needs Determination, 1999-2006.

Table 5 indicates that at least 33% of expenditures from the Housing Fund should go towards units affordable to very low-income households and at least 17% of expenditures should be for units affordable to very low-income or low-income households. The remaining 50% of funds may go towards units affordable to any of the three income categories.

Affordable Housing Cost and Duration of Affordability

Housing assisted by Housing Fund monies must be "available at an affordable housing cost" to the occupants of the units as defined by the CRL. The affordable housing costs definitions are summarized in Table 7.

Table 7
Affordable Housing Cost

Income Level	Rental Housing	Ownership Housing
Very Low Income	30% of 50%	30% of 50%
Low Income	30% of 60%	30% of 70%
Moderate Income	30% of 110%	35% of 110% but no less than 28% of actual income

Note: the first percentage means the percent of income that can be spent on housing costs. The second percentage means the percent of area median income.

Source: California Health and Safety Code, Section 50052.5.

The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Fund monies. In the case of new or substantially rehabilitated rental housing, controls must be placed on the assisted housing units requiring them to remain affordable for the longest feasible time, but not less than 55 years. For owner occupied housing, the units must remain affordable for the longest feasible time, but not less than 45 years. According to the statutory definition, the "longest feasible time" requirements includes, but is not limited to, a period of unlimited duration.

The Agency has assisted no units to date based on the requirements above. However, the Agency has pledged assistance to 97 units at The Crossing through Housing Fund expenditures. All of these units will be available at affordable housing cost to very low-income renters (at or below 50% of median income adjusted for family size), as defined above, and are restricted in accordance with the requirements of the CRL.

Targeting Housing Funds to Non-Seniors

Redevelopment agencies are also required to target their Housing Funds to all persons regardless of age in at least the same proportion as the community's population under the age of 65 relative to the community's total population, according to the most recent census. According to the 2000 Census, San Bruno's total population was 40,165 and population age 65 and over was 4,512. Thus, 11.2 percent of the population of San Bruno was age 65 or older. Therefore, the Agency is required to spend at least 88.8 percent of its Housing Funds to assist housing for persons regardless of age, not limiting it to persons age 65 or older.

Affordable Housing Production Requirement

As part of an implementation plan, an agency must meet an affordable housing production obligation (the Affordable Housing Production Requirement or AB 315 Plan) and produce a plan showing how the requirement will be met. The Agency is required to estimate the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased both during the next ten years and over the life of the Redevelopment Plan. The Agency is required to meet its affordable housing production obligation every ten years.

The Affordable Housing Production Requirement mandates that 30 percent of housing units produced by a redevelopment agency as the developer anywhere in the community must be available at affordable housing cost to households in the three income categories described above, and at least 50 percent of these units must be affordable to very low income households, and; at least 15 percent of housing units produced by entities other than the redevelopment agency in a project area must be available at affordable housing cost to households in the three income categories described above, and at least 40 percent of affordable units produced must be affordable to very low income households.

The San Bruno Redevelopment Agency has not acted and does not plan to act as a housing developer and is therefore subject to the 15 percent minimum affordable housing production requirement.

The Agency estimates that since the establishment of the Redevelopment Plan in 1999, no units of privately financed and Agency-supported housing have been constructed in the Project Area. Therefore, the Agency has incurred no legal obligation under the CRL during the first five years of the Redevelopment Plan. However, a 300-unit apartment building at The Crossing San Bruno began construction and was almost complete at the end of the first five-year period, and is described in the following section.

Replacement Housing Requirement

When residential units housing low- and moderate-income persons are destroyed or removed, or are no longer affordable as part of a redevelopment project, the agency must replace those units within a specified time in accordance with a plan adopted by the Agency following public review.

The Agency has not incurred any replacement housing obligation since no housing units have been removed from the Project Area to date. Because the Agency has no plans to remove any housing units from the Project Area over the next five years, it is not anticipated that the Agency will incur any new replacement housing responsibilities. In the event that it should become necessary to remove housing units in the future, the City and Agency will follow all state requirements for replacement housing and relocation, and make every effort to relocate persons as close as possible to their current place of residence.

AFFORDABLE HOUSING FORECASTS AND LOCATIONS

Based on an analysis of the capacity of the development sites in the 2003 Housing Element, the Agency has estimated the number of units that are likely to be built in the Project Area in the ten year planning period of the Agency's Housing Plan, as well as those that are likely to be built thereafter. Affordable housing units may be a component of development projects not outlined in the Implementation Plan. The Agency will evaluate development proposals for the opportunity to produce affordable housing units, whether assisted by the Agency or negotiated with the developer.

New Units 1999-2004

No new units were completed in the Project Area during the first five years of the Redevelopment Plan. However, the Agency did complete a Development Agreement with Martin/Regis San Bruno Associates (M/R) for the development of The Crossing master planned community at the former U.S. Navy Site, which includes an affordable housing agreement. M/R acquired the entire 20-acre site from U.S. Government in 2000. The U.S. Navy Site and Its Environs Specific Plan, adopted in 2001, establishes the preferred location, intensity and character of land uses for The Crossing site. The Specific Plan includes 5.5 to 15 acres for high density residential uses, allowing between 210-850 units, and 2.0 acres for senior housing, allowing between 190-228 units. In addition to housing uses, the Specific Plan includes sites for hotel uses and retail/commercial uses.

The Agency entered into an Owner Participation Agreement for Phase I of the Crossing, a 300-unit apartment complex called the Meridian Apartments. The Meridian Apartments will include 60 very low-income units and a separate recreation center. The Meridian Apartments was about 50 percent occupied and nearing completion at the end of 2004.

New Units 2005-2014

Over the next ten-years, the Agency estimates that approximately 1,010 new housing units could be constructed in the Project Area. Most of the projected new units are expected to be produced in the next five years. The Agency will provide assistance to developers to construct affordable housing by helping bridge the funding gaps that cannot be covered through other reasonable means of private or commercial financing. A major objective of the Redevelopment Plan is to facilitate the development of the former Navy site where most of this development will occur. The Agency anticipates that all of the residential sites at the Crossing will be developed over the next ten years.

Meridian Apartments at The Crossing: The 300-unit Meridian Apartments complex on Parcel 1 is under construction and expected to be complete in the spring of 2005. The project was financed with State multifamily housing bonds. The Agency will provide assistance in accordance with the adopted Owner Participation Agreement to subsidize 60 very low-income rental units (20% of the total)

Paragon Apartments at The Crossing: the developer, Martin/Regis, has applied for planning approvals to construct the 185-unit Paragon Apartments on Parcel 2 at the Crossing. The project will be financed with State Housing Bond financing and tax credits. The Agency and Martin/Regis are negotiating an Owner Participation Agreement, which provides for Agency assistance to subsidize construction and operation 37 very low income units (20% of the total).

The Village at The Crossing Senior Apartments: KDF Communities has applied for planning approvals to construct a 228-unit senior apartment complex on a 2.0-acre site on Parcels 5 & 6 at the Crossing. The apartments would be 100 percent affordable, with 90 percent of units affordable to low-income persons and 10 percent affordable to very low-income persons. The project will be financed with State Housing Bonds, tax credits and Community Development Block Grant funding. No Agency assistance is anticipated for this project.

Parcel 3 & 4 at The Crossing: Martin/Regis is in the process of marketing the two remaining residential parcels at the Crossing, Parcels 3 & 4, which could accommodate up to 350 multifamily units.

Other potential residential development sties that could be developed over the ten-year planning period include:

Skycrest Center Residential Project: An application has been submitted to rezone 2.59 acres of the Skycrest Shopping Center to allow construction of 27 single family detached housing units. The Agency would require that 15 percent of these units be affordable, regardless of any potential Agency assistance.

San Bruno Plaza: The Agency is negotiating with a developer to develop 7,500 vacant parcel, located at 470 San Mateo Avenue in downtown San Bruno. The developer was selected following an RFP process for the development of the site owned by the Agency. The developer is proposing to build a three-story mixed-use project consisting of about 31 dwelling units over retail and garage podium. The developer proposes to incorporate a 20,000 square foot City-owned parking lot adjacent to the site. At least 15% of the units will be affordable to low and moderate income residents.

Other Residential: Additional potential residential development opportunities may arise along the commercial corridors of El Camino Real, San Mateo Avenue and San Bruno Avenue. The Agency is considering preparing a Specific Plan to examine potential residential development sites.

New Units 2015 and Beyond

Because the Project Area is largely built-out, few residential development opportunities exist in the future, although infill opportunities may arise. The Agency is not currently able to quantify future infill development and substantial rehabilitation opportunities.

Table 8 summarizes the Agency's projection of the number of housing units that are likely to be built in the Project Area and the resulting inclusionary housing obligation in the ten-year planning period of the Agency's Housing Plan.

Table 8
Inclusionary Housing Obligation

Construction Date	Address	Total Units Const. or Subst. Rehab Within Redev Project Area	Inclusionary Housing Obligation Very Low @ 6%	Inclusionary Housing Obligation Low/Mod @ 9%
2005	The Crossing Meridian Apts.	300	18	27
2006	The Crossing Paragon Apts.	185	11	17
2006	The Crossing Senior Apts.	228	14	21
2007	The Crossing Parcels 3 & 4	240	14	22
2008	Skycrest Residential	27	2	2
2008	San Bruno Plaza	30	2	3
	Total	1,010	61	91

AFFORDABLE HOUSING PRODUCTION STRATEGY

The Agency has incurred no affordable housing production requirement to date. The Agency will commit Housing Funds to meet its obligations to ensure that an average of 15 percent of any new residential development within the Project Area is affordable to very low-, low- and moderate-income residents. The Agency anticipates having funds available for affordable housing projects starting in FY 2005/06.

The Agency will have a production credit at the end of the ten-year period because affordable housing production is expected to exceed 15 percent of total units produced, resulting in an inclusionary surplus of 63 very low income units and 119 low and moderate income units. Two main options for meeting the housing obligations are available: 1) The credit could be absorbed by new market rate housing development; or, 2) The Agency could negotiate with developers constructing housing in the Project Area to ensure that a minimum percentage of new units built meet affordability standards.

Table 9 summarizes how the Agency's proposed plan to fulfill it inclusionary housing obligation.

Table 9
Inclusionary Housing Units Produced

Estimated Date of Complet'n	Housing Development in Project Area	Total New Units Produced	Inclusionary Housing Obligation		Inclusionary Units Produced		Total Inclusionary Credit	
			Very Low @ 6%	Low/Mod @ 9%	# of Very-Low	# of Low/Mod	Very-Low	Low/Mod
2005	Meridian Apartments	300	18	27	60	0	42	(27)
2006	Paragon Apartments	185	11	17	37	0	26	(17)
2006	Village at the Crossing	228	14	21	23	205	9	184
2007	Crossing Condos	240	14	22	0	0	(14)	(22)
2008	Skycrest Residential	27	2	2	2	2	0	0
2008	San Bruno Plaza	30	2	3	2	3	0	0
	Total	1,010	61	91	124	210	63	119

Generally, the Agency will negotiate with developers to ensure a minimum percentage of new units are affordable with or without Agency contribution rather than allowing development to occur that results in a reduction of the Agency's production credit.

In addition to housing development, the Agency has established two housing programs, the Residential Rehabilitation Program and Home Ownership Program, which are designed to assist low and moderate income residents and improve the housing stock in the Project Area.

Residential Rehabilitation Program

The Agency utilizes Housing Funds to implement the Residential Rehabilitation Program. This program provides low interest loans and emergency grants to low and moderate income homeowners in the Project Area for housing rehabilitation. The Agency is negotiating an agreement with the San Mateo Office of Housing for the County to administer the Agency's program. Agency funds will be combined with County administered Community Development Block Grant Funds.

First-Time Homebuyer Program

The Agency established a first time homebuyer program called the Home Ownership Program (HOP), in 2003. The program is designed to help low and moderate income first time homebuyers with down payment. The Housing Fund has not been adequate to implement the HOP. The Agency plans to activate the program once sufficient funds are available after meeting other affordable housing priorities.

REVENUE AND EXPENSE PROJECTIONS

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "LMIHF" or Housing Set-Aside Fund) at least 20 percent of all tax increment revenue generated from its project areas. The primary funding source for the Agency's housing activities will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Set-Aside Fund. The funds must be used for the purpose of increasing, improving, and preserving the community's supply of affordable housing. Such housing must be available at affordable housing cost to persons and families of very low-, low-, or moderate-income.

If the Agency were to proceed with its housing activities on a pay-as-you-go, cash basis, it is anticipated that $4.27 million would be available for affordable housing activities over the five-year implementation period. Table 10 provides a summary of projections of Housing Fund revenues and expenses.

Table 10
Projection of Housing Fund Revenues
2005-2009

Fiscal Year	Housing Set-Aside	Affordable Subsidy	Projects	Operating Expenditures	Fund Balance
2004-05	$444,200	$0	$100,000	$258,000	$86,200
2005-06	$573,000	$311,000	$100,000	$268,000	($106,000)
2006-07	$857,400	$311,000	$100,000	$279,000	$167,400
2007-08	$1,098,600	$681,000	$100,000	$290,000	$27,600
2008-09	$1,301,000	$681,000	$100,000	$302,000	$218,000
Total	$4,274,200	$1,984,000	$500,000	$1,397,000	$393,200

Housing Fund revenues are projected to be sufficient to cover the Agency's planned expenditures for housing activities over the five year Implementation Plan period. The Agency estimates expenditures for housing activities of approximately $3.9 million during the next five years. Therefore, revenues are anticipated to exceed expenditures over the five-year period. Most of the projected housing funds will be used for annual payments to subsidize the affordable units at the Meridian Apartments and Paragon Apartments at The Crossing. Housing Funds will also be allocated to the Residential Rehabilitation Program and operating expenditures associated with affordable housing production.

The Agency will combine the Housing Fund revenues with other funding sources devoted to the provision of affordable housing. Other funding sources include, but are not limited to, Community Development Block Grant (CDBG) funds, HUD Home Investment Partnership funds, California Housing Finance Agency (CHFA) assistance, the state's Department of Housing and Community Development (HCD) programs, low income housing tax credit equity funds, and other creative financing options such as private sector or foundation contributions.

HOUSING ELEMENT COMPLIANCE

The Agency is committed to supporting the goals, programs and implementation actions presented in the City's adopted 2003 Housing Element. However, these goals do not constitute an Agency requirement, and are presented here context and background information only. The City has seven goals with respect to housing:

Goal 1: Protect the residential quality and stability of existing neighborhoods.

Goal 2: Encourage rehabilitation of substandard residences.

Goal 3: Encourage energy conservation measures, particularly those that would also contribute to noise reduction in residential areas, while maintaining the affordability of housing units.

Goal 4: Provide for a community-wide balance of various residential uses by type, tenure, value and location.

Goal 5: Ensure the continued availability of affordable housing for Very Low, Low and Moderate income persons, seniors, disabled, female-headed households, large families, and other special needs groups.

Goal 6: Encourage a wide variety of construction and financing techniques to achieve affordable housing.

Goal 7: Support expansion of programs providing housing information, counseling, referrals, dispute resolution, and/or emergency shelter.